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COURTLAND TOWNSHIP

Kent County, Michigan

Comprehensive Annual Financial Report

For the year ended March 31, 2004

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LOCAL AUDIT & FINANCE DIV

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

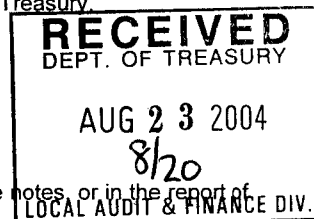
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Courtland Township	County Kent
Audit Date 6/25/04	Opinion Date 6/25/04	Date Accountant Report Submitted to State: 8/1/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Hungerford, Aldrin, Nichols & Carter, P.C.			
Street Address 2910 Lucerne Drive SE	City Grand Rapids	State MI	ZIP 49546
Accountant Signature <i>Hungerford, Aldrin, Nichols & Carter, P.C.</i>		Date Aug. 19, 2004	

COURTLAND TOWNSHIP
Table of Contents

For the year ended March 31, 2004

Introductory Section

Title Page

Table of Contents

Financial Section

Independent Auditor's Report.....	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.....	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Fund Types.....	6
Statement of Revenues, Expenses and Changes in Retained Earnings – Proprietary Fund Type.....	8
Statement of Cash Flows – Proprietary Fund Type	9
Notes to Financial Statements.....	10
Supplemental Information:	
Combining and Individual Fund and Account Group Statements and Schedules:	
General Fund.....	20
Comparative Balance Sheet.....	21
Statement of Revenues, Expenditures and Changes Fund Balances - Budget and Actual.....	22
Supplemental Schedule:	
Comparative Statement of Expenditures.....	24
Special Revenue Funds	27
Combining Balance Sheet	28
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	29

COURTLAND TOWNSHIP
Table of Contents

For the year ended March 31, 2004

Fire Special Revenue Fund:	
Comparative Balance Sheet.....	30
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Budget and Actual	31
Supplemental Schedule:	
Comparative Statement of Revenues, Expenditures and	
Changes in Fund Balances	32
 Inland Lakes Improvement Special Revenue Fund:	
Comparative Balance Sheet.....	33
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Budget and Actual	34
Supplemental Schedule:	
Comparative Statement of Revenues, Expenditures and	
Changes in Fund Balances	35
 Enterprise Fund	36
Sewer Enterprise Fund:	
Comparative Balance Sheet.....	37
 Agency Fund	38
Tax Account Agency Fund:	
Statement of Changes in Assets and Liabilities	39
Supplemental Schedule:	
Statement of Cash Receipts and Disbursements.....	40
 Other Information:	
 Schedule of Deposits and Investments	43
 Summary of 2003 Taxes Levied and Collected	44

FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, PC
CPAs AND CONSULTANTS

Shareholders

Clifford A. Aldrin, CPA
Jerry W. Nichols, CPA
Daniel L. Carter, CPA
Richard L. Chrisman, CPA
Peggy A. Murphy, CPA
Phillip W. Saurman, CPA
Mitchell C. Burgers, CPA
Carla A. Grant, CPA
Thomas C. Prince, CPA

INDEPENDENT AUDITOR'S REPORT

June 25, 2004

The Township Board
Courtland Township
Kent County, Michigan

We have audited the accompanying general purpose financial statements of Courtland Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the elected officials and management of Courtland Township. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Township has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets that, in our opinion, is required by accounting principles generally accepted in the United States of America, is not included in the general purpose financial statements.

In our opinion, except for the effect on the general purpose financial statements of the omission of general fixed assets, as described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Courtland Township as of March 31, 2004, and the results of operations and cash flows for its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplemental information and other information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Courtland Township. The information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants



Member
Accountants Global
Network International

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GENERAL PURPOSE FINANCIAL STATEMENTS

COURTLAND TOWNSHIP
Combined Balance Sheet - All Fund Types
March 31, 2004

	<u>Governmental Fund Types</u>		<u>Proprietary</u>	<u>Fiduciary</u>
	<u>General</u>	<u>Special</u>	<u>Fund Type</u>	<u>Fund Types</u>
Assets		<u>Revenue</u>	<u>Enterprise</u>	<u>Trust and</u>
				<u>Agency</u>
Cash (Note C)	\$ 27,980	\$ -	\$ 208	\$ -
Deposits (Note C)	3,289	-	6,463	66
Investments (Note C)	1,554,608	449,922	152,318	-
Receivables:				
Taxes (Note D)	9,070	11,710	-	-
Accounts (Note E)	10,177	-	4,296	-
Due from property tax roll (Note E)	-	-	1,840	-
Special assessments	-	-	19,797	-
Due from other funds	66	-	-	-
Due from other governmental units	53,201	-	-	-
Fixed assets, net of accumulated depreciation (Note F)	-	-	2,045,306	-
Total Assets	<u>\$ 1,658,391</u>	<u>\$ 461,632</u>	<u>\$ 2,230,228</u>	<u>\$ 66</u>
Liabilities and Fund Equity				
Liabilities				
Accounts payable (Note G)	\$ 9,668	\$ -	\$ 16,526	\$ -
Due to other funds	-	-	-	66
Due to other governmental units	4,888	-	-	-
Escrow deposits	16,947	-	-	-
Total Liabilities	<u>31,503</u>	<u>-</u>	<u>16,526</u>	<u>66</u>
Fund Equity				
Contributed capital	-	-	2,985,136	-
Retained earnings:				
Unreserved	-	-	(771,434)	-
Fund balances:				
Unreserved:				
Undesignated	1,626,888	461,632	-	-
Total retained earnings/fund balances	<u>1,626,888</u>	<u>461,632</u>	<u>(771,434)</u>	<u>-</u>
Total Fund Equity	<u>1,626,888</u>	<u>461,632</u>	<u>2,213,702</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 1,658,391</u>	<u>\$ 461,632</u>	<u>\$ 2,230,228</u>	<u>\$ 66</u>

The notes to financial statements are an integral part of this statement.

Totals (Memorandum Only)	
2004	2003
\$ 28,188	\$ 31,019
9,818	52,698
2,156,848	1,787,920
20,780	22,159
14,473	13,970
1,840	1,323
19,797	19,797
66	-
53,201	62,325
2,045,306	2,065,772
<u>\$ 4,350,317</u>	<u>\$ 4,056,983</u>

\$ 26,194	\$ 22,284
66	-
4,888	16,451
16,947	14,072
<u>48,095</u>	<u>52,807</u>
2,985,136	2,985,136
(771,434)	(747,663)
<u>2,088,520</u>	<u>1,766,703</u>
<u>1,317,086</u>	<u>1,019,040</u>
<u>4,302,222</u>	<u>4,004,176</u>
<u>\$ 4,350,317</u>	<u>\$ 4,056,983</u>

COURTLAND TOWNSHIP
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental Fund Types
For the year ended March 31, 2004

	General	Special Revenue	Totals (Memorandum Only)	
			2004	2003
Revenues				
Taxes	\$ 164,222	\$ 211,166	\$ 375,388	\$ 350,361
Licenses and permits	140,697	-	140,697	143,496
Federal sources	-	570	570	21,195
State sources	393,851	-	393,851	432,360
Charges for services	23,369	-	23,369	24,221
Interest and rentals	24,213	5,578	29,791	40,722
Other revenue	54,930	4,185	59,115	78,352
Total Revenues	801,282	221,499	1,022,781	1,090,707
Expenditures				
Current:				
Legislative	5,247	-	5,247	4,738
General government	263,012	-	263,012	200,206
Public safety	133,718	163,003	296,721	255,074
Public works	65,072	41,723	106,795	408,510
Other township	29,189	-	29,189	22,966
Total Expenditures	496,238	204,726	700,964	891,494
Excess of Revenues Over Expenditures	305,044	16,773	321,817	199,213
Fund Balances, April 1	1,321,844	444,859	1,766,703	1,567,490
Fund Balances, March 31	\$ 1,626,888	\$ 461,632	\$ 2,088,520	\$ 1,766,703

The notes to financial statements are an integral part of this statement.

COURTLAND TOWNSHIP
Combined Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - General and Special Revenue Fund Types
For the year ended March 31, 2004

	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 165,025	\$ 164,222	\$ (803)
Licenses and permits	160,125	140,697	(19,428)
Federal sources	-	-	-
State sources	400,000	393,851	(6,149)
Charges for services	22,400	23,369	969
Interest and rentals	21,000	24,213	3,213
Other revenue	174,000	54,930	(119,070)
Total Revenues	942,550	801,282	(141,268)
Expenditures			
Current:			
Legislative	5,650	5,247	403
General government	361,925	263,012	98,913
Public safety	153,050	133,718	19,332
Public works	263,900	65,072	198,828
Other township	29,850	29,189	661
Capital outlay	1,000	-	1,000
Contingency	45,000	-	45,000
Total Expenditures	860,375	496,238	364,137
Excess (Deficiency) of Revenues Over Expenditures	82,175	305,044	222,869
Fund Balances, April 1	1,321,844	1,321,844	-
Fund Balances, March 31	\$ 1,404,019	\$ 1,626,888	\$ 222,869

The notes to financial statements are an integral part of this statement.

Special Revenue Fund Types		
Budget	Actual	Variance- Favorable (Unfavorable)
\$ 195,820	\$ 211,166	\$ 15,346
-	-	-
-	570	570
-	-	-
-	-	-
7,000	5,578	(1,422)
300	4,185	3,885
<hr/>		
203,120	221,499	18,379
<hr/>		
-	-	-
-	-	-
245,006	163,003	82,003
76,450	41,723	34,727
-	-	-
-	-	-
-	-	-
<hr/>		
321,456	204,726	116,730
<hr/>		
(118,336)	16,773	135,109
444,859	444,859	-
<hr/>		
\$ 326,523	\$ 461,632	\$ 135,109
<hr/>		

COURTLAND TOWNSHIP
Statement of Revenues, Expenses and Changes In
Retained Earnings - Proprietary Fund Type
For the years ended March 31, 2004 and 2003

	Sewer Enterprise	
	2004	2003
Operating Revenues		
Charges for services:		
Sewer usage charges	\$ 124,232	\$ 94,261
Permits and inspections	1,379	348
Total Operating Revenue	<u>125,611</u>	<u>94,609</u>
Operating Expenses		
Sewer:		
Salaries	1,965	1,976
Social Security taxes	152	152
Operating supplies	550	379
Legal fees	16	1,493
Audit fees	1,500	1,250
Engineering fees	7,612	8,658
Insurance	8,636	4,669
Commodity charges	21,096	21,860
Operation and maintenance	117,314	156,623
Other expense	508	363
Depreciation	40,565	40,565
Total Operating Expenses	<u>199,914</u>	<u>237,988</u>
Operating Loss	<u>(74,303)</u>	<u>(143,379)</u>
Nonoperating Revenues (Expenses)		
Connection fees	64,766	5,100
Interest income	2,651	6,002
Other revenue	115	15,921
Contributions to North Kent Sewer Authority	(17,000)	(27,682)
Net Nonoperating Revenues (Expenses)	<u>50,532</u>	<u>(659)</u>
Net Loss	<u>(23,771)</u>	<u>(144,038)</u>
Retained Earnings, April 1	<u>(747,663)</u>	<u>(603,625)</u>
Retained Earnings, March 31	<u><u>\$ (771,434)</u></u>	<u><u>\$ (747,663)</u></u>

The notes to financial statements are an integral part of this statement.

COURTLAND TOWNSHIP
Statement of Cash Flows - Proprietary Fund Type
For the years ended March 31, 2004 and 2003

	Sewer Enterprise	
	2004	2003
Cash Flows From Operating Activities		
Cash received from customers	\$ 123,531	\$ 93,073
Cash payments to suppliers for goods and services	(153,883)	(196,472)
Cash payments to employees for services	(2,117)	(2,128)
Net Cash Provided By (Used For) Operating Activities	<u>(32,469)</u>	<u>(105,527)</u>
Cash Flows From Capital and Related Financing Activities		
Nonoperating revenues	115	15,921
Connection charges	64,766	5,100
Fixed asset additions	(20,099)	
Contributions to North Kent Sewer Authority	(17,000)	(27,682)
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>27,782</u>	<u>(6,661)</u>
Cash Flows From Investing Activities		
Interest earned on deposits and investments	<u>2,651</u>	<u>6,002</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(2,036)	(106,186)
Cash and Cash Equivalents, beginning of year	<u>161,025</u>	<u>267,211</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 158,989</u></u>	<u><u>\$ 161,025</u></u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities		
Operating loss	<u>\$ (74,303)</u>	<u>\$ (143,379)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	40,565	40,565
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,563)	(1,002)
(Increase) decrease in due from property tax roll	(517)	(534)
Increase (decrease) in accounts payable	3,349	1,177
Total adjustments	<u>41,834</u>	<u>37,852</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ (32,469)</u></u>	<u><u>\$ (105,527)</u></u>

The notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

COURTLAND TOWNSHIP
Notes to Financial Statements
March 31, 2004

Note A – Description of the Township

Courtland Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides the following services to its residents as provided by statute: public safety (police, fire and inspections), highways and streets, sanitation, parks and recreation, cultural, public improvements, planning and zoning, general administrative and other services.

Note B – Summary of Significant Accounting Policies

The Reporting Entity

The financial statements of Courtland Township contain all the funds and account groups that are controlled by, or dependent on, the Township's executive or legislative branches. Control by, or dependence on, the Township was determined on the basis of appointment of the governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligation of the Township to finance any deficits that may occur, receipt of significant subsidies from the Township, disposition of surplus funds, the ability to significantly influence operations and primary financial accountability for fiscal matters.

Basis of Presentation - Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories and four generic fund types as follows:

Governmental Funds

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

COURTLAND TOWNSHIP
Notes to Financial Statements
March 31, 2004

Fiduciary Funds

Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include tax monies collected for the Township and other local governmental units. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund types of the Township are recorded in the General Fixed Assets Account Group at cost, or estimated historical cost, if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain ("infrastructure") general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are not capitalized.

Since the Township has not maintained a record of general fixed assets, a statement of such is not included in the financial statements.

Capital outlay expenditures totaling \$12,567 in the General Fund and \$85,229 in the Special Revenue Funds were included as a part of the particular Township expenditure activity to which they pertain in the financial statements.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. The fixed assets of proprietary funds are valued at historical cost.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets as follows:

Sewer facilities

66 years

Long-Term Liabilities

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Long-term liabilities expected to be financed from governmental funds are accounted for in General Long-Term Debt Account Group, not in the governmental funds.

COURTLAND TOWNSHIP
Notes to Financial Statements
March 31, 2004

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and fiduciary funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include real property taxes and charges for services. Most state source revenues (income taxes, sales taxes), licenses and permits, local intergovernmental and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

Budgets and Budgetary Accounting

The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The Township General and Special Revenue Funds are under budgetary control as required by the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan.
- The budgets are generated with input from the Clerk, Treasurer, Supervisor and Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General and Special Revenue Funds.
- At the first public meeting in April the budgets are legally enacted on a departmental (activity) basis through passage of a resolution.
- Appropriations are authorized by resolution at the department level. This is the legal level of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets.
- Budgets are adopted on a basis consistent with generally accepted accounting principles.

COURTLAND TOWNSHIP
Notes to Financial Statements
March 31, 2004

- Budgets may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General Fund budget was amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The "Unfavorable Variances" as shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Fund Types were not material violations as described in Public Act 621, the State of Michigan Uniform Budgeting and Accounting Act, due to the conditions and events that gave rise to the violations and the adequacy of the Township's budgetary system to detect such violations.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

Memorandum Only – Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Township's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

COURTLAND TOWNSHIP
Notes to Financial Statements
March 31, 2004

Note C – Cash, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- In United States government or federal obligation repurchase agreements.
- In bankers' acceptances of United States banks.
- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- In surplus funds investment pools.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Bank One
2. Fifth Third Bank
3. Kent County Local Government Pool

Balances at March 31, 2004 related to cash, deposits and investments are detailed on the combined balance sheet as follows:

Cash	\$ 28,188
Deposits	9,818
Investments	<u>2,156,848</u>
	<u>\$ 2,194,854</u>

Cash and deposits

Cash consists of cash on hand and bank checking accounts. Deposits consist of bank interest earning checking, savings and money market accounts.

COURTLAND TOWNSHIP
Notes to Financial Statements
March 31, 2004

Cash and deposits at March 31, 2004, as shown by carrying amount and bank balance, and classified by categories of credit risk, are itemized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 38,006	\$ 77,275

Investments

The Kent County Local Government Investment Pool consists of monies advanced for investment with accounts established in the Township's name within the pool. Interest earnings from the subsequent reinvestment of the pooled funds are credited to the Township on a pro-rata basis in relation to its percentage of deposits in the pool. These investments, with fair market value which approximates cost, are not categorized because participation in such funds does not result in direct ownership of individual securities, but rather shares. However, the investment of the pools are classified as Risk Level 1 because these investments are held by the Fund or its agent in the name of the fund. Balances at March 31, 2004 are as follows:

Uninsured/Uncategorized:

Kent County Local Government Investment Pool

\$ 2,156,848

Note D – General Property Taxes

Property taxes for the Township and Kent County become due and payable on December 1 of each year. Property taxes for school districts become due and payable on July 1 and December 1, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Township property tax revenues are recognized in the General and Special Revenue Funds in the fiscal year levied, to the extent they are measurable and available. The 2003 property tax roll, levied December 1, 2003, represents revenue for the fiscal year ended March 31, 2004.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Kent County, Kent District Library, Grand Rapids Community College, Kent Intermediate School District, Rockford Public Schools and Cedar Springs Public Schools. Collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted to levy up to 1.1 mills of general property taxes on the assessed valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levy was reduced to 0.8460 mills for 2003-04 general operations. The Township also levied 0.9182 mills for fire department operations.

COURTLAND TOWNSHIP
Notes to Financial Statements
March 31, 2004

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2003	2002	2001	2000
Township taxes levied	\$334,363	\$310,866	\$288,603	\$266,197
Taxes collected:				
Current to March 1	314,505	289,905	270,209	247,846
Total to March 31, 2004	314,505	310,000	288,483	266,197
Percentages of collections:				
Current to March 1	94.06%	93.26%	93.63%	93.11%
Total to March 31, 2004	94.06%	99.72%	99.96%	100.00%

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon State Equalized Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2004 valuations in the following summary:

Year	Real	Personal	Total
2004	\$201,080,450	\$4,917,000	\$205,997,450
2003	184,175,818	5,359,400	189,535,218
2002	168,389,189	5,054,500	173,443,689
2001	154,594,853	4,718,100	159,312,953
2000	139,723,816	4,376,600	144,100,416
1999	130,811,202	4,205,100	135,016,302
1998	119,933,464	3,750,200	123,683,664
1997	109,438,277	3,377,900	112,816,177
1996	99,296,316	3,260,100	102,556,416
1995	91,298,800	3,034,700	94,333,500

Note E – Receivables

Amounts shown as accounts receivable of the Enterprise Funds consist of current and delinquent sewer usage charges.

Amounts due from the general property tax roll represent sewer bills that are delinquent six months as of September 1 each year and are certified to the general property tax roll as of that date together with interest at 6% per annum. These amounts are then included with the general property taxes which become due and payable December 1 each year and become a lien on the property as of that date.

COURTLAND TOWNSHIP
Notes to Financial Statements
March 31, 2004

Note F – Summary of Proprietary Fund Fixed Assets

Fixed assets of the Sewer Enterprise Fund are detailed as follows:

Sewer facilities	\$ 3,000,874
Less accumulated depreciation	<u>955,568</u>
Net fixed assets	<u><u>\$ 2,045,306</u></u>

Note G – Accounts Payable

Accounts payable represent expenditures and operating expenses incurred during the year ended March 31, 2004, but not paid until subsequent to the close of the Township's fiscal year.

Note H – Segment Information for Enterprise Fund

The Township maintains one Enterprise Fund, which provides sewer services. Segment information for the year ended March 31, 2004 is as follows:

Operating revenues	\$ 125,611
Depreciation	40,565
Operating income (loss)	(74,303)
Nonoperating revenues (expenses)	50,532
Net income (loss)	(23,771)
Contributed capital additions (deductions)	<u>—</u>
Fixed asset additions (deletions)	20,099
Net working capital	168,396
Total equity:	
Contributed capital	2,985,136
Retained earnings (deficit)	(771,434)

Note I – Deficit Fund Balances/Retained Earnings

The Township has an accumulated deficit in the Sewer Enterprise Fund.

The retained earnings deficit of the Sewer Enterprise Fund arises because while depreciation expense (on the sewer facilities of the fund) is deducted as an operating expense of the fund, the recovery of this cost is not built in to the quarterly user charge being paid by those residents benefiting from the Courtland Sewer System. The removal of accumulated depreciation as a deduction would have the effect of changing Sewer Enterprise Fund retained earnings from a deficit of \$771,434 to a positive balance of \$184,134.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

COURTLAND TOWNSHIP
General Fund
Comparative Balance Sheet
March 31, 2004 and 2003

Assets	<u>2004</u>	<u>2003</u>
Cash	\$ 27,980	\$ 17,093
Deposits	3,289	51,140
Investments	1,554,608	1,209,847
Receivables:		
Taxes	9,070	9,636
Accounts	10,177	11,237
Due from other funds	66	-
Due from other governmental units	53,201	62,325
Total Assets	<u><u>\$ 1,658,391</u></u>	<u><u>\$ 1,361,278</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 9,668	\$ 9,107
Due to other governmental units	4,888	16,255
Escrow deposits	16,947	14,072
Total Liabilities	<u>31,503</u>	<u>39,434</u>
Fund Balances		
Unreserved:		
Undesignated	1,626,888	1,321,844
Total Liabilities and Fund Balances	<u><u>\$ 1,658,391</u></u>	<u><u>\$ 1,361,278</u></u>

COURTLAND TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2004
With comparative actual amounts for the year ended March 31, 2003

	2004			2003
	Budget	Actual	Variance- Favorable (Unfavorable)	Actual
Revenues				
Taxes:				
Current property taxes	\$ 165,000	\$ 160,165	\$ (4,835)	\$ 148,653
Delinquent property taxes	-	-	-	1
Penalties and interest on taxes	25	4,057	4,032	2,886
	165,025	164,222	(803)	151,540
Licenses and permits:				
Cable television fees	20,000	23,510	3,510	21,609
Right-of-way fees	-	1,518	1,518	-
Building permits	70,000	66,949	(3,051)	62,433
Electrical permits	20,000	11,992	(8,008)	18,602
Mechanical permits	20,000	19,846	(154)	24,761
Plumbing permits	30,000	16,791	(13,209)	15,987
Dog licenses	125	91	(34)	104
	160,125	140,697	(19,428)	143,496
State sources:				
Sales taxes	400,000	393,851	(6,149)	432,360
Charges for services:				
Planning commission fees	2,400	1,900	(500)	3,150
Zoning and appeals fees	1,500	2,000	500	1,200
Summer tax collection fees	9,500	9,604	104	9,441
Grave openings	5,000	4,965	(35)	5,330
Sale of cemetery lots	4,000	4,900	900	5,100
	22,400	23,369	969	24,221
Interest and rentals:				
Interest on deposits and investments	20,100	22,713	2,613	31,572
Rentals	900	1,500	600	1,100
	21,000	24,213	3,213	32,672
Other revenue:				
Courtland Crossings settlement	170,000	52,587	(117,413)	75,000
Miscellaneous	4,000	2,343	(1,657)	2,613
	174,000	54,930	(119,070)	77,613
Total Revenues	942,550	801,282	(141,268)	861,902

(Continued)

COURTLAND TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2004
With comparative actual amounts for the year ended March 31, 2003

	2004		Variance- Favorable (Unfavorable)	2003
	Budget	Actual		Actual
Expenditures				
Current:				
Legislative:				
Township board	\$ 5,650	\$ 5,247	\$ 403	\$ 4,738
General government:				
Supervisor	22,525	22,808	(283)	18,611
Elections	1,500	-	1,500	3,938
Assessor	42,700	41,376	1,324	39,617
Legal and audit	30,000	12,482	17,518	14,811
Clerk	28,850	25,543	3,307	22,469
General administration	143,650	84,964	58,686	47,828
Treasurer	39,600	35,142	4,458	27,054
Buildings and grounds	20,900	14,390	6,510	11,382
Cemetery	32,200	26,307	5,893	14,496
Total general government	361,925	263,012	98,913	200,206
Public safety:				
Inspections	131,850	112,077	19,773	116,124
Planning	21,200	21,641	(441)	23,144
Total public safety	153,050	133,718	19,332	139,268
Public works:				
Drains	5,000	3,993	1,007	2,975
Highways, streets and bridges	256,500	59,677	196,823	361,661
Street lighting	2,400	1,402	998	1,366
Total public works	263,900	65,072	198,828	366,002
Other township	29,850	29,189	661	22,966
Capital outlay	1,000	-	1,000	-
Contingency	45,000	-	45,000	-
Total Expenditures	860,375	496,238	364,137	733,180
Excess of Revenues Over Expenditures	82,175	305,044	222,869	128,722
Fund Balances, April 1	1,321,844	1,321,844	-	1,193,122
Fund Balances, March 31	\$ 1,404,019	\$ 1,626,888	\$ 222,869	\$ 1,321,844

COURTLAND TOWNSHIP
General Fund
Comparative Statement of Expenditures
For the years ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Current:		
Legislative:		
Township board:		
Salaries	\$ 5,200	\$ 4,400
Travel and expense	47	338
Total legislative	<u>5,247</u>	<u>4,738</u>
General government:		
Supervisor:		
Salaries:		
Supervisor	20,000	16,000
Assistant	2,032	1,760
Office supplies	34	15
Travel and expense	742	836
	<u>22,808</u>	<u>18,611</u>
Elections:		
Election workers salaries	-	3,268
Office supplies	-	245
Contracted services	-	425
	<u>-</u>	<u>3,938</u>
Assessor:		
Salaries:		
Assessor	30,000	29,000
Deputy	8,701	8,905
Office supplies	2,042	1,198
Travel and expenses	578	514
Dues and memberships	55	-
	<u>41,376</u>	<u>39,617</u>
Legal and audit:		
Legal fees	8,482	11,061
Audit fees	4,000	3,750
	<u>12,482</u>	<u>14,811</u>
Clerk:		
Salaries:		
Clerk	20,000	16,000
Deputy	4,878	5,184
Office supplies	-	25
Travel and expenses	173	428
Legal notices and publications	492	832
	<u>25,543</u>	<u>22,469</u>
General administration:		
Clerical salaries	16,928	9,831
Office supplies	2,213	2,006
Postage	6,519	6,647
Telephone	5,948	6,625
Community relations	12,592	5,124
Community cable	2,351	2,161
Newsletter	1,145	996
Equipment maintenance	17,134	3,210
Dues and memberships	9,553	9,670
New equipment	10,581	1,558
	<u>84,964</u>	<u>47,828</u>

(Continued)

COURTLAND TOWNSHIP
General Fund
Comparative Statement of Expenditures
For the years ended March 31, 2004 and 2003

	2004	2003
Treasurer:		
Salaries:		
Treasurer	\$ 20,000	\$ 16,000
Deputy	8,134	4,923
Office supplies	1,440	665
Property tax administration system	5,069	4,968
Travel and expenses	499	498
	<u>35,142</u>	<u>27,054</u>
Buildings and grounds:		
Custodial and maintenance salaries	2,483	2,208
Supplies	112	425
Utilities	4,547	3,697
Repair and maintenance	5,427	3,087
Equipment maintenance	59	1,336
New equipment	1,986	629
	<u>14,390</u>	<u>11,382</u>
Cemetery:		
Supplies	95	17
Contracted services	5,005	5,620
Utilities	195	504
Grounds maintenance	21,012	8,355
	<u>26,307</u>	<u>14,496</u>
Total general government	<u>263,012</u>	<u>200,206</u>
Public safety:		
Inspections:		
Salaries:		
Building inspector	63,573	59,282
Mechanical inspector	18,854	22,419
Electrical inspector	13,642	17,811
Plumbing inspector	15,952	16,291
Supplies	56	321
	<u>112,077</u>	<u>116,124</u>
Planning and zoning:		
Salaries:		
Zoning administrator	9,500	9,000
Clerical	1,691	1,196
Planning commission	4,460	4,716
Supplies	-	95
Professional services	5,559	7,728
Master plan development	431	409
	<u>21,641</u>	<u>23,144</u>
Total public safety	<u>133,718</u>	<u>139,268</u>
Public works:		
Highways, streets and bridges:		
Road construction	47,320	350,672
Dust layer	12,357	10,989
	<u>59,677</u>	<u>361,661</u>
Street lighting:		
Utilities	1,402	1,366

(Continued)

COURTLAND TOWNSHIP
General Fund
Comparative Statement of Expenditures
For the years ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Drains:		
Kent County drain assessment	\$ 3,993	\$ 2,975
Total public works	<u>65,072</u>	<u>366,002</u>
Other township:		
Social Security taxes	12,825	11,295
Insurance and bonds	13,103	11,280
Miscellaneous	3,261	391
Total other township	<u>29,189</u>	<u>22,966</u>
Total Expenditures	<u><u>\$ 496,238</u></u>	<u><u>\$ 733,180</u></u>

SPECIAL REVENUE FUNDS

Fire — to accumulate property tax revenues and interest earnings to maintain the Township Fire Department.

Inland Lakes Improvement — to account for taxes levied for weed control purposes on Big Brower Lake, Little Brower Lake and Myers Lake.

COURTLAND TOWNSHIP
Special Revenue Funds
Combining Balance Sheet
March 31, 2004
With comparative totals for March 31, 2003

Assets	Fire	Inland Lakes Improvement	Totals	
			2004	2003
Cash	\$ -	\$ -	\$ -	\$ 13,890
Investments	395,862	54,060	449,922	418,446
Taxes receivable	9,844	1,866	11,710	12,523
Total Assets	<u><u>\$ 405,706</u></u>	<u><u>\$ 55,926</u></u>	<u><u>\$ 461,632</u></u>	<u><u>\$ 444,859</u></u>
Liabilities and Fund Balances				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances				
Unreserved:				
Undesignated	<u>405,706</u>	<u>55,926</u>	<u>461,632</u>	<u>444,859</u>
Total Liabilities and Fund Balances	<u><u>\$ 405,706</u></u>	<u><u>\$ 55,926</u></u>	<u><u>\$ 461,632</u></u>	<u><u>\$ 444,859</u></u>

COURTLAND TOWNSHIP
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended March 31, 2004
With comparative totals for the year ended March 31, 2003

			Totals	
	Fire	Inland Lakes Improvement	2004	2003
Revenues				
Taxes	\$ 173,718	\$ 37,448	\$ 211,166	\$ 198,821
Federal sources	570	-	570	21,195
Interest and rentals	4,991	587	5,578	8,050
Other revenue	4,185	-	4,185	739
Total Revenues	<u>183,464</u>	<u>38,035</u>	<u>221,499</u>	<u>228,805</u>
Expenditures				
Current:				
Public safety	163,003	-	163,003	115,806
Public works	-	41,723	41,723	42,508
Total Expenditures	<u>163,003</u>	<u>41,723</u>	<u>204,726</u>	<u>158,314</u>
Excess (Deficiency) of Revenues Over Expenditures	20,461	(3,688)	16,773	70,491
Fund Balances, April 1	<u>385,245</u>	<u>59,614</u>	<u>444,859</u>	<u>374,368</u>
Fund Balances, March 31	<u>\$ 405,706</u>	<u>\$ 55,926</u>	<u>\$ 461,632</u>	<u>\$ 444,859</u>

COURTLAND TOWNSHIP
Fire Special Revenue Fund
Comparative Balance Sheet
March 31, 2004 and 2003

Assets	<u>2004</u>	<u>2003</u>
Cash		
Investments	\$ -	\$ 13,890
Taxes receivable	395,862	360,896
	<u>9,844</u>	<u>10,459</u>
Total Assets	<u>\$ 405,706</u>	<u>\$ 385,245</u>
 Liabilities and Fund Balances		
Liabilities		
	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>405,706</u>	<u>385,245</u>
Total Liabilities and Fund Balances	<u>\$ 405,706</u>	<u>\$ 385,245</u>

COURTLAND TOWNSHIP
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2004
With comparative actual amounts for the year ended March 31, 2003

	2004			2003
	Budget	Actual	Variance - Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 160,000	\$ 173,718	\$ 13,718	\$ 161,373
Federal sources	-	570	570	21,195
Interest and rentals	5,000	4,991	(9)	6,999
Other revenue	300	4,185	3,885	739
Total Revenues	<u>165,300</u>	<u>183,464</u>	<u>18,164</u>	<u>190,306</u>
Expenditures				
Current:				
Public safety	<u>245,006</u>	<u>163,003</u>	<u>82,003</u>	<u>115,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(79,706)</u>	<u>20,461</u>	<u>100,167</u>	<u>74,500</u>
Fund Balances, April 1	<u>385,245</u>	<u>385,245</u>	<u>-</u>	<u>310,745</u>
Fund Balances, March 31	<u>\$ 305,539</u>	<u>\$ 405,706</u>	<u>\$ 100,167</u>	<u>\$ 385,245</u>

COURTLAND TOWNSHIP
Fire Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2004 and 2003

	2004	2003
Revenues		
Taxes:		
Current property taxes	\$ 173,532	\$ 161,347
Delinquent property taxes	186	26
Federal sources:		
FEMA grant	570	21,195
Interest and rentals:		
Interest on deposits	4,991	6,999
Other revenue:		
Sale of assets	3,000	-
Miscellaneous	1,185	739
Total Revenues	<u>183,464</u>	<u>190,306</u>
Expenditures		
Current:		
Public safety:		
Fire department:		
Salaries:		
Fire chief	19,500	19,000
Deputy fire chief	3,300	3,100
Firefighters	12,113	12,080
Custodial	1,050	1,050
Social Security taxes	2,976	2,909
Supplies	1,145	1,259
Gas and oil	3,530	1,896
Rescue supplies	1,015	720
Physical examinations	2,010	2,040
Travel, workshops and conferences	1,330	1,300
Education	1,906	3,146
Insurance and bonds	1,303	1,303
Utilities	6,043	6,947
Building maintenance	3,943	10,415
Equipment maintenance	1,604	1,794
Vehicle maintenance	3,444	1,727
County fire assessment	9,093	8,611
Dues and memberships	339	146
Miscellaneous	2,130	2,453
New building	10,423	19,587
New equipment	22,039	14,323
New vehicles	52,767	-
Total Expenditures	<u>163,003</u>	<u>115,806</u>
Excess of Revenues Over Expenditures	20,461	74,500
Fund Balances, April 1	<u>385,245</u>	<u>310,745</u>
Fund Balances, March 31	<u><u>\$ 405,706</u></u>	<u><u>\$ 385,245</u></u>

COURTLAND TOWNSHIP
Inland Lakes Improvement Special Revenue Fund
Comparative Balance Sheet
March 31, 2004 and 2003

Assets	<u>2004</u>	<u>2003</u>
Investments	\$ 54,060	\$ 57,550
Taxes receivable	<u>1,866</u>	<u>2,064</u>
Total Assets	<u><u>\$ 55,926</u></u>	<u><u>\$ 59,614</u></u>
 Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>55,926</u>	<u>59,614</u>
Total Liabilities and Fund Balances	<u><u>\$ 55,926</u></u>	<u><u>\$ 59,614</u></u>

COURTLAND TOWNSHIP
Inland Lakes Improvement Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2004
With comparative actual amounts for the year ended March 31, 2003

	2004			2003
	Budget	Actual	Variance - Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 35,820	\$ 37,448	\$ 1,628	\$ 37,448
Interest and rentals	2,000	587	(1,413)	1,051
Total Revenues	<u>37,820</u>	<u>38,035</u>	<u>215</u>	<u>38,499</u>
Expenditures				
Current:				
Public works	<u>76,450</u>	<u>41,723</u>	<u>34,727</u>	<u>42,508</u>
Excess (Deficiency) of Revenues Over Expenditures	(38,630)	(3,688)	34,942	(4,009)
Fund Balances, April 1	<u>59,614</u>	<u>59,614</u>	-	<u>63,623</u>
Fund Balances, March 31	<u>\$ 20,984</u>	<u>\$ 55,926</u>	<u>\$ 34,942</u>	<u>\$ 59,614</u>

COURTLAND TOWNSHIP
Improvement Revolving Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues		
Taxes:		
Weed control assessments	\$ 37,448	\$ 37,448
Interest and rentals:		
Interest on deposits	<u>587</u>	<u>1,051</u>
Total Revenues	<u>38,035</u>	<u>38,499</u>
Expenditures		
Current:		
Public works:		
Weed control services	<u>41,723</u>	<u>42,508</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,688)	(4,009)
Fund Balances, April 1	<u>59,614</u>	<u>63,623</u>
Fund Balances, March 31	<u><u>\$ 55,926</u></u>	<u><u>\$ 59,614</u></u>

ENTERPRISE FUND

Sewer Enterprise - to account for the provision of sewer services to the residents of the Township. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, administration, debt service, construction and billing and collection.

COURTLAND TOWNSHIP
Sewer Enterprise Fund
Comparative Balance Sheet
March 31, 2004 and 2003

Assets	<u>2004</u>	<u>2003</u>
Current Assets		
Cash	\$ 208	\$ 36
Deposits	6,463	1,362
Investments	152,318	159,627
Receivables:		
Accounts	4,296	2,733
Due from property tax roll	1,840	1,323
Special assessments	19,797	19,797
Total Current Assets	<u>184,922</u>	<u>184,878</u>
Fixed Assets		
Sewer system	3,000,874	2,980,775
Less accumulated depreciation	(955,568)	(915,003)
Net fixed assets	<u>2,045,306</u>	<u>2,065,772</u>
Total Assets	<u><u>\$ 2,230,228</u></u>	<u><u>\$ 2,250,650</u></u>
 Liabilities and Fund Equity		
Liabilities		
Current liabilities:		
Accounts payable	<u>\$ 16,526</u>	<u>\$ 13,177</u>
Fund Equity		
Contributed capital	2,985,136	2,985,136
Retained earnings:		
Unreserved	(771,434)	(747,663)
Total retained earnings (deficit)	<u>(771,434)</u>	<u>(747,663)</u>
Total Fund Equity	<u>2,213,702</u>	<u>2,237,473</u>
Total Liabilities and Fund Equity	<u><u>\$ 2,230,228</u></u>	<u><u>\$ 2,250,650</u></u>

AGENCY FUND

Tax Account Agency—to account for the collection of current and delinquent property taxes, dog licenses, delinquent special assessments and delinquent quarterly sewer charges and payment to the governmental units, funds or other persons entitled to receive these funds.

COURTLAND TOWNSHIP
Tax Account Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended March 31, 2004

	Balances April 1, 2003	Additions	Deductions	Balances March 31, 2004
Tax Account Fund				
Assets				
Deposits	\$ 196	\$ 5,335,638	\$ 5,335,768	\$ 66
Liabilities				
Accounts payable	\$ -	\$ 61,031	\$ 61,031	\$ -
Due to other funds	-	355,031	354,965	66
Due to other governmental units	196	4,919,576	4,919,772	-
Total Liabilities	<u>\$ 196</u>	<u>\$ 5,335,638</u>	<u>\$ 5,335,768</u>	<u>\$ 66</u>

COURTLAND TOWNSHIP
Tax Account Agency Fund
Statement of Cash Receipts and Disbursements
For the year ended March 31, 2004

Deposits, April 1, 2003			\$ 196
Cash Receipts			
Current and delinquent taxes, penalties and interest and dog licenses			
Interest on deposits	\$ 5,334,003		
	<u>1,635</u>	<u>5,335,638</u>	
Total Available Balances			5,335,834
Cash Disbursements			
Current ad valorem tax collections:			
Kent County:			
Operating	\$ 947,359		
Drains			
State education tax	915,835		
Kent District Library	155,267		
Kent Intermediate School District	694,249		
Grand Rapids Community College	327,216		
Cedar Springs Public Schools	564,579		
Rockford Public Schools	1,284,844		
Courtland Township:			
Operating	150,817		
Fire Protection	163,688		
Weed control assessments	35,582		
Delinquent sewer usage	<u>2,029</u>	5,241,465	
Commercial forest taxes:			
State of Michigan	48		
Kent County:			
Operating	9		
State education tax	10		
Kent District Library	2		
Kent Intermediate School District	7		
Grand Rapids Community College	3		
Rockford Public Schools	14		
Courtland Township:			
Operating	1		
Fire Protection	<u>2</u>	96	
Interest and penalties:			
State of Michigan	2,296		
Kent Intermediate School District	1,740		
Grand Rapids Community College	820		
Cedar Springs Public Schools	3,900		
Rockford Public Schools	1,480		
Courtland Township	<u>3,866</u>	14,102	

(Continued)

COURTLAND TOWNSHIP
Tax Account Agency Fund
Statement of Cash Receipts and Disbursements
For the year ended March 31, 2004

Delinquent personal property taxes and interest:			
Kent County:			
Operating	\$	1,055	
State education tax		1,082	
Kent District Library		173	
Kent Intermediate School District		676	
Grand Rapids Community College		319	
Cedar Springs Public Schools		592	
Rockford Public Schools		4,064	
Courtland Township:			
Operating		641	
Fire Protection		145	
		<u>145</u>	\$ 8,747
2003 commercial forest withdrawal penalty:			
Operating		654	
State education tax		4,230	
Kent District Library		108	
Kent Intermediate School District		470	
Grand Rapids Community College		222	
Rockford Public Schools		1,046	
Courtland Township:			
Operating		106	
Fire Protection		116	
		<u>116</u>	\$ 6,952
Interest earned - General Fund			1,568
Dog licenses - Kent County Treasurer			1,807
Refunds			
			<u>61,031</u>
			<u>5,335,768</u>
Deposits, March 31, 2004			<u><u>\$ 66</u></u>

OTHER INFORMATION

COURTLAND TOWNSHIP
Schedule of Deposits and Investments
March 31, 2004

General Fund		
Independent Bank West:		
Savings Account	\$ 3,289	
Kent County Local Government		
Investment Pool	<u>1,554,608</u>	
Total General Fund		\$ 1,557,897
Special Revenue Funds		
Fire Fund:		
Kent County Local Government		
Investment Pool	395,862	
Inland Lakes Fund:		
Kent County Local Government		
Investment Pool	<u>54,060</u>	
Total Special Revenue Funds		449,922
Sewer Enterprise Fund		
Independent Bank West:		
Savings Account	6,463	
Kent County Local Government		
Investment Pool	<u>152,318</u>	
Total Sewer Enterprise Fund		158,781
Agency Fund		
Tax Account Agency Fund:		
Bank One:		
Interest Earning Checking Account		<u>66</u>
Total All Funds		<u><u>\$ 2,166,666</u></u>

COURTLAND TOWNSHIP
Summary of 2003 Taxes Levied and Collected
For the year ended March 31, 2004

Ad Valorem Taxes	Taxable Valuation	Rate (Mills)	Taxes Levied	Returned Delinquent	Current Collections
Kent County					
Operating	\$189,535,218	5.31400	\$ 1,007,175	\$ 59,817	\$ 947,358
Kent District Library	189,535,218	0.87090	165,070	9,803	155,267
State Education Tax		5.00000			
Cedar Springs Public Schools	60,468,562		302,341	12,137	290,204
Rockford Public Schools	129,066,656		645,329	19,698	625,631
Total State Education Tax			947,670	31,835	915,835
School Districts					
Kent Intermediate School District	189,535,218	3.79030	718,381	24,132	694,249
Grand Rapids Community College	189,535,218	1.78650	338,590	11,374	327,216
Cedar Springs Public Schools:					
Other	60,468,562	7.00000	423,276	16,991	406,285
Operating	9,596,491	18.00000	172,736	14,441	158,295
Rockford Public Schools:					
Other	129,066,656	8.50000	1,097,049	48,531	1,048,518
Operating	14,493,775	18.00000	260,885	24,559	236,326
Total School Districts			3,010,917	140,028	2,870,889
Courtland Township	189,535,218				
Operating		0.84600	160,340	9,523	150,817
Fire protection		0.91820	174,023	10,335	163,688
Special levies:					
Weed control			37,448	1,866	35,582
Delinquent sewer/water			3,869	1,840	2,029
Total Courtland Township			375,680	23,564	352,116
Total Ad Valorem Taxes			<u>\$ 5,506,512</u>	<u>\$ 265,047</u>	<u>\$ 5,241,465</u>

(Continued)

COURTLAND TOWNSHIP
Summary of 2003 Taxes Levied and Collected
For the year ended March 31, 2004

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Commercial Forest Taxes</u>					
Kent County	\$ 670	2.65700	\$ 9	\$ -	\$ 9
Kent District Library	670	0.43545	2	-	2
State Education Tax					
Rockford Public Schools	670	2.50000	10	-	10
School Districts					
Kent Intermediate School District	670	1.89515	7	-	7
Grand Rapids Community College	670	0.89325	3	-	3
Rockford Public Schools:					
Other	670	4.25000	14	-	14
Operating	670	9.00000	48	-	48
Courtland Township	670				
Operating		0.42300	1	-	1
Fire protection		0.45910	2	-	2
Total Commercial Forest Taxes			<u>\$ 96</u>	<u>\$ -</u>	<u>\$ 96</u>

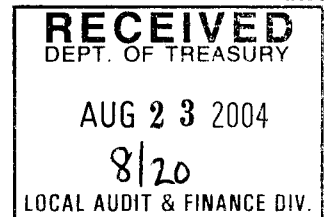
Hungerford, Aldrin,
Nichols & Carter, PC
CPAs AND CONSULTANTS

Shareholders

Clifford A. Aldrin, CPA
Jerry W. Nichols, CPA
Daniel L. Carter, CPA
Richard L. Chrisman, CPA
Peggy A. Murphy, CPA
Phillip W. Sauman, CPA
Mitchell C. Burgers, CPA
Carla A. Grant, CPA
Thomas C. Prince, CPA

June 25, 2004

The Township Board
Courtland Township
Kent County, Michigan



The following comments pertain to our audit of the financial records of Courtland Township as of and for the year ended March 31, 2004. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this Statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Courtland Township.



Member
Accountants Global
Network International

Centennial Park East 2910 Lucerne Drive, S.E. Suite 200 Grand Rapids, Michigan 49546-7175
Phone: (616) 949-3200 Fax: (616) 949-7720 E-Mail: postmaster@hanc.com

Auditors Responsibility Under Generally Accepted Auditing Standards

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

Significant Accounting Policies

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped into three broad fund-type categories as follows:

Governmental Fund Types—The General and Special Revenue Funds are used to allocate Township resources based upon the purpose for which they are to be spent. These funds are accounted for using the modified accrual basis of accounting.

Proprietary Fund Types—The Sewer Enterprise Fund is used to allocate the resources of the Township utility system that is financed and operated in a manner similar to private business enterprises. This fund is accounted for using the accrual basis of accounting.

Fiduciary Fund Types—The Tax Account Agency Fund is used to account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

Fixed assets and long-term liabilities are accounted for in account groups, rather than in the governmental funds.

General Fixed Assets—Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Capital outlays in these funds are included as expenditures in the year of purchase in the purchasing fund and also added to the balance of General Fixed Assets in the Account Group. Since the Township has not maintained a record of general fixed assets, a statement of such is not included in the financial statements.

Proprietary Fixed Assets—Fixed assets used in enterprise fund type operations are capitalized in the year of purchase in the purchasing fund and depreciation expense is recorded over the estimated useful lives of the assets using the straight-line method.

General Long-Term Debt—Expenditures recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing our audit of the financial records of the Township of Courtland. We found the internal control structure and accounting system to be basically adequate and operating in the manner intended.

Significant Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

General Fund

1. \$9,636 and \$9,070 to reverse and accrue prior and current year taxes receivable.
2. \$11,237 and \$10,177 to reverse and accrue prior and current year end accounts receivable for inspection fees.
3. \$9,107 and \$9,668 to reverse and accrue prior and current year end accounts payable for inspection, legal and planning professional fees.
4. \$10,346 and \$4,888 to reverse and accrue prior and current year end accounts payable to the Kent County Road Commission.
5. \$5,909 to reverse year end accounts payable to Kent County for property tax administration fees.
6. \$62,325 and \$53,201 to reverse and accrue final state revenue sharing payment receivable at year end.

Inland Lakes Improvement Fund

1. \$2,084 and \$1,866 to reverse and accrue year end taxes receivable.

Fire Fund

1. \$10,459 and \$9,844 to reverse and accrue year end taxes receivable.

Sewer Enterprise Fund

1. \$40,565 to record 2003-04 depreciation expense on system assets.
2. \$4,056 and \$6,136 to reverse and accrue prior and current year end accounts receivable.
3. \$13,177 and \$16,526 to reverse and accrue prior and current year end accounts payable.

Passed Audit Adjustments

There were no adjustments proposed during the audit that were not recorded by Courtland Township.

Consideration of Fraud in a Financial Statement Audit

The American Institute of Certified Public Accountants issued Statement of Auditing Standards (SAS) Number 99 "Consideration of Fraud in a Financial Statement Audit", effective for all audit periods beginning after December 15, 2002. SAS No. 99 applies to for-profit, non-profit and governmental entities. SAS No. 99 requires auditors to perform additional tests and procedures to obtain assurance that the financial statements are free of material misstatement. Specific tests and procedures required include a pre-audit "brainstorming" session for the auditors, testing of client major revenue sources and journal entries, interviews with client personnel, both in and outside of the business office, and testing of a selection of those revenue/expenditure areas that were considered susceptible to fraud during the discussions and interviews. Our normal audit testing procedures for Courtland Township's major revenue sources (property taxes and state revenue sharing) and journal entries already met the requirements of SAS No. 99, so there were no additional procedures necessary this year in those major testing areas.

After our brainstorming session and discussions with Township officials we chose the volunteer fire payroll payment process for further testing. We discussed the current process with the Clerk and Treasurer and separately interviewed the Township Fire Chief to determine how the current safeguards operate to assure that only the proper firemen are being paid for the fire/emergency runs, training sessions and other duties performed for the Township. It appeared that the process in place at the Township is a complete and accurate one, including some important double-checks at critical points in the process, and that the process is operating as intended. We cannot over emphasize the importance of the review and sign-off steps of the process at the fire department level and the continuing oversight responsibility of the Township Board in the review/approval process.

SAS No. 99 suggests that the most effective deterrent to fraud in any organization is the maintenance of a culture of honesty and high ethics, evaluating the risks of fraud and implementing steps to mitigate them, and developing an appropriate oversight process. We encourage the Township Board to pro-actively pursue this policy in the future as, unfortunately, fraud is not as uncommon in the workplace as we would wish it to be.

Suggestions And Recommendations

We offered suggestions and recommendations of a minor nature regarding the day-to-day operations of the accounting system to the Township Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the Township's business office and assist in more efficient monthly and year end financial record keeping and reporting. Other suggestions that merit identification and discussion are as follows:

1. The Township (along with all other taxing municipalities in Kent County) is implementing a new in-house property tax billing and administration system for the 2004 summer tax roll, independent of the County system which supported all municipalities in the County for the past many years. This new process involves a significant increase in both Township responsibility for the accuracy and integrity of the data and the level of computer hardware/software knowledge over what was required of the Township previously. It is the entire Township Board's, not just the Treasurer's, responsibility to insure that this new system works properly from start to finish. We urge the Township Board to direct the necessary time and personnel resources to this new process to insure its accuracy and success.

* * * * *

This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Courtland Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of Courtland Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants